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SUBJECT: AZERBAIJAN: PRESIDENT'S REPUBLIC DAY ADDRESS NOTES
SUCSESSES AS WELL AS CHALLENGES

¶1. (U) Summary: In his May 26 Republic Day address President Aliyev underscored that the booming economy would positively impact the life of ordinary citizens as the GOAJ forcefully addressed the country's socio-economic problems. Aliyev made similar remarks to the nation May 29 when oil from the BTC pipeline reached the Port of Ceyhan in Turkey. In both addresses, Aliyev reaffirmed the GOAJ commitment to protecting Azerbaijan's territorial integrity by resolving the N-K conflict, while noting that Azerbaijan's growing economic and military strength meant that GOAJ patience with Armenia had its limits. End Summary.

N-K Remains a Priority

¶2. (U) On May 26 President Ilham Aliyev's delivered the annual Republic Day address before Parliament. The speech, which commemorates Azerbaijan's 1918 founding as the first democratic republic in the Islamic world, touched on the Nagorno-Karabakh conflict, demanding the "unconditional liberation of occupied lands." Aliyev's address also mentioned the possibility of using force to retake the territory if Armenia's position remained unconstructive. Citing Azerbaijan's 88th anniversary as a democratic republic, Aliyev touted Azerbaijan as the first democratic state in Islamic world. He also emphasized the efforts of his father, late President Heydar Aliyev, to combat economic stagnation, political, military and economic crises, civil war and Armenia's aggression against Azerbaijan.

¶3. (U) Aliyev added that Armenia's "celebration" of the occupation of the town of Shusha in Nagorno-Karabakh was a sign that ethnic cleansing was an Armenian state policy. Aliyev blamed the international community for turning a blind eye to the problem. Azerbaijan, Aliyev remarked, was committed to a peaceful settlement of the conflict but that it cannot remain patient indefinitely, since "Azerbaijan will never allow the second Armenian state to appear in Azerbaijani lands, and will never allow Daghligh Garabagh (Nagorno-Karabakh) to be separated from Azerbaijan."

Economy Booming

¶4. (U) Aliyev used his address to emphasize Azerbaijan's dynamic and rapidly growing economy and to underscore the country's prospects for social, political and military development. Aliyev stated that the GOAJ's objective was a policy of integration into the international community writ large and the international business sector. Aliyev noted that Azerbaijan's exceptional growth rates in the first quarter - 40 percent GDP and 50 percent industrial growth

were clear indicators of rapid economic development. He argued that this development reflected in state programs of social and economic development in the regions beyond Baku as well as in the suburbs of the capital city. Aliyev claimed that this extraordinary economic growth had already produced 380,000 new jobs within the past two years and further that poverty had declined by roughly 20 percent.

¶5. (U) Aliyev admitted that Azerbaijan faces numerous problems both domestically and internationally: unemployment, poverty, social injustice, official arbitrariness, corruption, and bribery, but he contended that Azerbaijan was fully committed to fighting those problems. Aliyev stressed the importance of the development of the non-oil sector, noting the ongoing construction of six new 1000 MW electric power stations. Aliyev added that Azerbaijan's energy sector allows it to deliver energy to world markets and permits the GOAJ to address its social problems.

BTC milestone as Caspian oil reaches Ceyhan

¶6. (U) In a separate address on May 29, Aliyev spoke to the nation on the occasion of the first delivery of Azerbaijani oil to the Turkish Ceyhan seaport via the Baku-Tbilisi-Ceyhan oil pipeline. President Aliyev promised that every citizen of Azerbaijan would soon feel positive changes in their daily life as a result of the BTC's completion. Aliyev also pledged that the Baku-Tbilisi-Erzurum gas pipeline would be commissioned by the end of the year. Aliyev also used his BTC address to highlight the need for a resolution of the Nagorno-Karabakh conflict reminding listeners that implementation of the BTC oil pipeline demonstrated that the GOAJ governed the country with confidence and that its

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policies were fully approved and supported by the people.
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